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FOR IMMEDIATE RELEASE**November 24, 2004****Contact:**

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**CALIFORNIA STATE LANDS COMMISSION STUDIES SALE OF HUNTINGTON
BEACH OFFICE IN RESPONSE TO STATE BUDGET PROBLEM**

SACRAMENTO — The California State Lands Commission today announced its intent to do its part to assist in the state budget problem by studying options for the sale of its Huntington Beach field office and the relocation of staff and its oil and gas laboratory.

The office has been the California State Lands Commission's (Commission) pollution and safety inspection and surveillance workplace for monitoring all oil and gas production operations conducted on state oil and gas leases in Los Angeles and Orange Counties. The Commission acquired the quarter-acre site for its office on Pacific Coast Highway in 1941 for \$3,000. The Commission constructed an oil and gas field office and laboratory on the site at an additional cost of \$28,900. Staff at the office has monitored oil and gas production operations including the Huntington Beach oil and gas field consisting of platforms Emmy and Eva, and their respective offshore pipelines; the Seal Beach oil and gas field consisting of platform Esther and its offshore pipelines; the onshore Bolsa Chica producing oil and gas field; and the Wilmington oil field in Long Beach. This field office was used as the Commission's Command Center during the clean up of the American Trader oil spill that occurred at an offshore marine terminal in Huntington Beach on February 7, 1990. The American Trader (oil tanker) punctured its hull with its own anchor.

Today this quarter-acre lot in the city of Huntington Beach is valued at between \$2.5 to \$3 million. The current high value of the office site raises the possibility that it could be sold and the proceeds used to contribute to resolving the state's fiscal problems. Early in 2004, the Commission asked the Department of General Services (DGS) to determine the cost to conduct a feasibility study regarding retention or alternatives to the Huntington Beach office. The study is required by the DGS as a prelude to a change in office location and would help determine if it is in the state's best interest to sell this property and then relocate the field office staff along with the essential laboratory. The DGS determined that the study cost would be \$35,000.

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In May of 2004, during the FY 2004-2005 budget cycle, Assembly Member Tom Harman, a member of the Assembly Budget Subcommittee No. 2, had placed \$35,000 in the Commission's budget to be transferred to DGS to fund the feasibility study. This item was stricken in the Budget Conference Committee.

The Commission has been working with the Department of Finance (DOF) in the second half of this year to determine if DOF would support a budget allocation for the feasibility study in the 2005-06 budget. DOF has since decided to fund this study using contingency funds from the current year's budget. This study will be completed in 2-4 months. If the study indicates that a sale of the site and relocation of the Commission's office are warranted, funding for the move could be provided in the May revision to the proposed 2005-06 Budget.

The Commission administers approximately 4 million acres of naturally navigable rivers, lakes, and streams, as well as the state's tide and submerged lands along the state's more than 1,100 miles of coastline, extending from the shoreline to three miles offshore. The Commission serves the people of California by providing stewardship of lands, waterways, and resources entrusted to its care through economic development, protection, preservation, and restoration. Since 1938, when the Commission was created, it has generated revenues for the state in excess of \$7 billion from the leasing of these lands for the production of oil, natural gas, gold, silver, phosphate, sodium, sand, gravel, geothermal steam, timber, and various agricultural crops. Revenues for the 2003-2004 Fiscal Year were \$138,900,000. The Commission also generates revenue to help pay for pensions for California's retired teachers through the management of approximately 476,000 acres of school lands and the mineral rights to an additional 790,000 acres. The Commission administers about 4,000 leases on lands it manages.

Since 1990, the Commission's staff has been reduced from 248 General Fund positions to 102. The legislature has assigned significant new responsibilities to the Commission involving oil spill prevention and ballast water management. These functions are carried out by staff paid for from fees on imported oil and by ships calling on California ports.

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